

COUNTY COUNCIL
OF
HARFORD COUNTY, MARYLAND

BILL NO. 96-31

Introduced by Council President Parrott
at the request of the County Executive

Legislative Day No. 96-19 Date June 13, 1996

AN ACT to provide the County Executive with the authorization to execute, on behalf of Harford County, Maryland, a loan agreement with the Maryland Energy Administration, an independent agency of the State of Maryland through its Community Energy Loan Program, pursuant to which Harford County, Maryland would borrow an amount not exceeding \$310,000 for energy improvements in five schools in the northern section of Harford County, all in accordance with §§ 520 & 524 of the Charter of Harford County, Maryland.

By the Council, June 13, 1996

Introduced, read first time, ordered posted and public hearing scheduled
on: July 9, 1996
at: 7:45 p.m.

By Order: James D. Vannoy, Acting Secretary

PUBLIC HEARING

Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on July 9, 1996, and concluded on, July 9, 1996

James D. Vannoy, Acting Secretary

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law. Underlining indicates language added to Bill by amendment. Language lined through indicates matter stricken out of Bill by amendment.

1 WHEREAS, the County Executive proposes that Harford County,
 2 Maryland enter into an agreement with the Maryland Energy
 3 Administration, through its Community Energy Loan Program,
 4 providing for the borrowing from the Maryland Energy Administration
 5 of an amount not to exceed \$310,000 and that she be given the
 6 authority to execute said agreement on behalf of Harford County,
 7 Maryland; and

8 WHEREAS, said agreement provides for repayment of the loan at
 9 the rate of 4.50% per annum for a term of 3 years; and

10 WHEREAS, a copy of the Loan Agreement and Commitment letter by
 11 and between the County and Maryland Energy Administration is
 12 attached hereto and incorporated herein by reference; and

13 WHEREAS, Sections 520 and 524 of the Charter of Harford
 14 County, Maryland require that all agreements and payments
 15 thereunder which would extend beyond the current fiscal year be
 16 authorized by legislative act.

17 NOW, THEREFORE,
 18 Section 1. Be It Enacted By The County Council of Harford County,
 19 Maryland, That the County Executive be, and is hereby authorized to
 20 execute, on behalf of the County, the Loan Agreement and Commitment
 21 Letter providing for the borrowing by the County of an amount not
 22 to exceed the below-stated amount:

23 Amount of Agreement: \$310,000.00

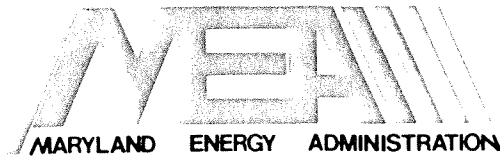
1 Section 2. And Be It Further Enacted that this Act shall take
2 effect sixty (60) calendar days from the date it becomes law.

EFFECTIVE: September 16, 1996

*The Secretary of the Council does
hereby certify that fifteen (15) copies of
this Bill are immediately available for
distribution to the public and the press.*

James D. Vammas

Acting Secretary



45 Calvert Street
 Annapolis, Maryland 21401-1907
 (410) 974-2190
 1-800-72-ENERGY

Parris N. Glendening
 Governor

Frederick H. Hoover, Jr.
 Director

Donald E. Milsten
 Deputy Director

April 11, 1996

The Honorable Eileen Rehrmann
 County Executive for Harford County
 220 South Main Street
 Bel Air, Maryland 21014

RE: Energy Improvements for a Multi-School Lighting Retrofit in North
 Harford County
 CELP Loan 12-95-35

Dear Mrs. Rehrmann:

The Maryland Energy Administration, an independent agency of the State of Maryland (the "Administration"), is pleased to offer by this commitment letter (the "Commitment") a loan under its Community Energy Loan Program ("CELP" or the "Program") in an amount not to exceed Three Hundred Ten Thousand Five Hundred Dollars (\$310,500), (the "CELP loan"), to Harford County for energy improvements to five schools in north Harford County.

I. The Administration has prepared and enclosed the following attachments for your information and your approval (all of which are attached and incorporated as part of this Commitment) so that the necessary documentation can be prepared:

Attachment A. Term Sheet. A proposed Term Sheet which describes, among other things, the parties involved in the CELP loan, the proposed terms of the CELP loan, the covenants to be observed by the parties, and various other requirements of the CELP loan.

Attachment B. Pre-Closing and Closing Documents Checklist. A list of pre-closing documents to be supplied by you and your counsel as soon as possible. The closing documents shall be prepared by the Administration and shall not be re-typed by the Sponsor.

Certain of the terms used in the Commitment are defined or explained in attachments A and B, and shall have the meanings set forth therein.

CELP Loan - Harford County
Commitment Letter
page 3 of 4

4. Assignment. This Commitment shall not be assignable or transferrable without the prior written consent of the Administration.

5. Delivery of Pre-Closing and Closing Documents. The Sponsor shall deliver copies of all pre-closing documents to the CELP Manager as soon as possible. The CELP Manager will forward these documents to the Office of the Attorney General for review after all pre-closing documents on the attachment have been received. When available, draft copies of all of the closing documents shall also be delivered to the CELP Manager at least two (2) weeks prior to the anticipated closing date. The Office of the Attorney General will begin a review of the documents when all pre-closing documents are received. As soon as the documents have been approved, MEA will schedule a closing date.

6. Merger. No statements, agreements, or representations, oral or written, which may have been made to Sponsor or to any employee or agent of Sponsor, either by the Administration or by an employee or agent acting on behalf of the Administration, with respect to the CELP loan, shall be of any force or effect, except to the extent stated in this Commitment, and all prior agreements and representations with respect to the CELP loan are merged in this Commitment. This Commitment may not be changed except by written agreement signed by the Administration.

7. Governing Law.

(a) This Commitment and the loan documents shall be governed by and construed under the laws of the State of Maryland. The Sponsor consents to be sued in any court in the State of Maryland having jurisdiction in any action to enforce the provisions of this Commitment and the loan documents.

(b) If any term, covenant, or condition of this Commitment shall be held to be invalid, illegal, or unenforceable in any respect, this Commitment shall be construed without such provision to the fullest extent possible and shall remain in full force and effect.

8. Survival of Commitment. The obligations agreed to by the Sponsor in executing this Commitment and the attachments hereto shall survive the closing and the execution of all loan documents and shall continue in full force and effect until the indebtedness evidenced by the Note has been paid in full; however, in the event of any conflict between the terms of this Commitment and the loan documents, the terms of the loan documents shall prevail; however, any additional

CELP Application Code: 12-95-35

Attachment A

COMMUNITY ENERGY LOAN PROGRAM

Term Sheet

1. Project: Multi-School Lighting Retrofit
Harford County Public Schools
45 East Gordon Street
Bel Air, Maryland 21014
2. Sponsor: Harford County, Maryland
220 South Main Street
Bel Air, Maryland 21014
3. Amount of CELP Loan: Not to exceed Three Hundred Ten Thousand Five Hundred Dollars (\$310,500) to be disbursed according to the terms of the Loan Agreement.
4. Interest Rate: 4.5% per annum.
5. Contribution of Sponsor: The Harford County Public Schools will contribute cash of \$27,000 toward this project in the form of payment for preparation of specifications and technical documents, and the disposition of PCB ballasts. HCPS will also contribute in-kind services in the form of project management at approximately \$7,500.
6. Use of CELP Loan Proceeds: A complete retrofit in five schools of all existing fluorescent fixtures with low power electronic ballasts and T-8 lamps; replacement of all incandescent hallway fixtures with 2 lamp, low power electronic ballasts and T-8 fixtures; retrofit of all bare bulb general purpose fixtures with compact fluorescent screw-in lamps; installation of occupancy sensors in sporadically occupied areas throughout each school; replacement of HID fixtures in selected cafeterias and gyms; replacement of all incandescent exit signs with 2 watt LED signs.

CELP Loan - Harford County
Term Sheet
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12. Title Insurance:

(X) Title insurance not required.

() One originally executed American Land Title Association Loan Policy Form-1970 (Rev. 10/17/70) as amended and one copy issued by a title insurance company acceptable to the Administration (the "Title Company") for an amount at least equal to the total principal amount of the CELP loan, insuring the Administration and evidencing that title to the property on the Date of Closing is vested in the Sponsor, free and clear of all liens and encumbrances, except for taxes not yet due and payable, and any other items that are required by or specifically determined to be acceptable to the Administration including approved superior and subordinate liens. The title policy shall not contain a survey exception.

() If someone other than a full-time employee of the Title Company will be writing the title insurance, an insured closing service letter from the Title Company verifying the authority of such person to write title insurance as an agent of such Title Company.

13. Property and Liability Insurance:

(X) Comprehensive general liability self-insurance provided by the Maryland Association of Boards of Education Group Insurance Pool in the form and for amounts acceptable to the Administration. The Administration shall receive thirty (30) days written notice prior to cancellation or non-renewal of the insurance.

(X) Fire and hazard self-insurance provided by the Maryland Association of Boards of Education Group Insurance Pool in the form and for amounts acceptable to the Administration.

() Builder's risk insurance in the form and for amounts acceptable to the Administration, naming the Administration as an additional insured and loss payee.

() Automobile liability insurance in the form and for amounts acceptable to the Administration, naming the Administration as an additional insured and loss payee and providing that the Administration shall receive thirty (30) days written notice prior to the cancellation or non-renewal of such insurance.

(X) Worker's compensation self-insurance provided by the Maryland Association of Boards of Education Group Insurance Pool.

() Other: _____.

CELP Loan - Harford County
Term Sheet
Page 5 of 5

20. Miscellaneous Provisions.

(a) The entire principal balance of the CELP loan with interest thereon shall become due and payable upon the sale, transfer, conveyance or other encumbrance of the Project without the prior consent of the Administration.

(b) Neither the approval by the Administration of the contract documents related to the completion of the Project, nor any subsequent inspections or approvals of the Project while the Project is being completed shall constitute a warranty or representation by the Administration or any of its agents, representatives, or designees, as to the technical sufficiency, or adequacy or safety of the structure or any of its component parts, including without limitation, its fixtures, equipment or furnishings, the subsoil conditions involved in the Project, or any other physical condition or feature pertaining to the Project. All acts, including any failure to act, relating to this Project by any agent, representative, or designee of the Administration, are performed solely for the benefit of the Administration to assure repayment of the CELP loan and are not for the benefit of the Sponsor or the benefit of any other person, including, without limitation, tenants or other occupants. Sponsor shall indemnify the Administration and hold it harmless against any loss or expense (including reasonable attorney's fees) resulting from any and all claims, actions, settlements, or liability for any act or failure to act in connection with the Project.

(c) In addition to the documents requested herein, the Sponsor shall provide any agreements, covenants, or certificates that the Administration or its counsel may reasonably require to satisfy any Administrative determination, contract, or agreement relating to the making by the Administration of the CELP loan.

(d) The Administration shall not be obligated to close the CELP loan until it has received assurances, satisfactory to the Administration, of the availability of any and all funds required for completion of the project and, where applicable, the Undertaking, in excess of the proceeds of the CELP loan.

(e) The CELP loan shall be made without cost to the Administration. No costs incident to the making of the CELP loan, including without limitation, fees for title examination, title insurance premiums, or recording fees, shall be paid by the Administration whether or not closing takes place.

CELP Loan - Harford County
Closing Checklist
page 2

- | | | | | |
|-----|--|-------|-------|-------|
| 7. | Anticipated Schedule of Draws
(use Form D of Loan Agreement) | _____ | _____ | _____ |
| 8. | Contractor's Comprehensive General
Liability Insurance Policy | _____ | _____ | _____ |
| 9. | Sponsor's Comprehensive General
Liability Self-Insurance Letter | _____ | _____ | _____ |
| 10. | Sponsor's Fire and Hazard
Self-Insurance Letter | _____ | _____ | _____ |
| 11. | Workman's Compensation
Self-Insurance Letter | _____ | _____ | _____ |

B. Closing Documents - Any proposed modifications to closing requirements must be submitted by Sponsor at least 20 days prior to the anticipated closing date.

- | | | | | |
|-----|--|-------|-------|-------|
| 12. | Promissory Note
(1 original , 2 copies) | _____ | _____ | _____ |
| 13. | Loan Agreement | _____ | _____ | _____ |
| 14. | Opinion of Sponsor's Attorney
(Addressed to the Administration) | _____ | _____ | _____ |
| 15. | Closing Fee: <u>\$1,000</u> | _____ | _____ | _____ |

CELP Application Code: 12-95-35

COMMUNITY ENERGY LOAN PROGRAM**Loan Agreement**

This Loan Agreement (the "Agreement") is made this ____ day of _____, 1996, by and between the Maryland Energy Administration, an independent agency of the State of Maryland (the "Administration"), and Harford County, Maryland, (the "Sponsor").

RECITALS

WHEREAS, the Sponsor has applied to the Administration through the Community Energy Loan Program ("CELP" or the "Program"), which is set forth in Article 41, Sections 10-901 through 10-909 of the Annotated Code of Maryland, as amended (the "Act"), for a loan in an amount not to exceed Three Hundred Ten Thousand Five Hundred Dollars (\$310,500), (the "Loan"); and

WHEREAS, the Loan shall be used to pay for the activities described in Exhibit A of this Agreement (the "Project"); and

WHEREAS, the Administration has agreed to make the Loan to the Sponsor subject to the terms and conditions of the Act, the regulations promulgated thereunder, and this Agreement.

NOW THEREFORE, in consideration of the mutual promises hereinafter set forth and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions.** For the purposes of this Agreement, each of the following terms, not defined in the recitals, shall have the meanings set forth below:

A. **Application:** means the Sponsor's application for a Loan dated February 6, 1996.

B. **Closing:** means the date of closing of the Loan.

C. **Commitment Letter:** means the Commitment Letter from the Administration to the Sponsor for the Loan.

D. **Draw Schedule:** means the anticipated schedule for disbursement of the Loan which is set forth in Exhibit D.

CELP Loan - Harford County
Loan Agreement
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E. Legal Authorities: means any federal, state, or local governmental or quasi-governmental body, office, department, agency, board, court or other instrumentality thereof exercising jurisdiction over the completion of the Project, the operation and occupancy of the Project, the Sponsor, the performance by the Sponsor of any act or obligation, or the observance by the Sponsor of any agreement, provision or condition of any nature whatsoever contained in the Loan Documents.

F. Legal Entity: means a corporation, association, general partnership, limited partnership, joint venture, or other form of legal organization.

G. Legal Requirements: means any law, ordinance, order, code, rule, regulation or standard of any Legal Authority.

H. Loan: means an amount not to exceed Three Hundred Ten Thousand Five Hundred Dollars (\$310,500), from the Administration to the Sponsor under the Program.

I. Loan Documents: means the Agreement, the Promissory Note, and any other instrument or agreement evidencing or securing the Loan, which term includes any certificate or other document executed and delivered for the Loan.

J. Local Jurisdiction: means any of the twenty-three (23) counties of the State and the Mayor and City Council of the City of Baltimore and any duly authorized agency or instrumentality of a county, any municipal corporation in Maryland which is subject to the provisions of Article XI-E of the Maryland Constitution or any duly authorized agency or instrumentality of a municipality, and includes the Board of Education or Community College of a county or municipality.

K. Nonprofit Organization: means a corporation, foundation, school, hospital, or other legal entity, which is exempt from taxation pursuant to the applicable provisions of the Internal Revenue Code of 1986, as amended and whose activities are not primarily for religious or fraternal purposes.

L. Note: means the Sponsor's Promissory Note of even date herewith in the aggregate principal amount of the Loan and evidencing Sponsor's obligation to repay the Loan with interest at the rate herein provided.

M. Project: means the activities described in Exhibit A which will be paid for out of the proceeds of the Loan.

CELP Loan - Harford County
Loan Agreement
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2. The Loan. Subject to the terms and provisions of this Agreement and the Note (herein after referred to collectively as the "Loan Documents"), the Administration agrees to make the Loan and the Sponsor agrees to accept the Loan.

3. Use of Proceeds.

A. Subject to the terms and conditions of the Loan Documents, the Sponsor shall use the proceeds of the Loan for the purposes described in Exhibit A. The CELP Manager may, however, approve changes to the draw schedule, attached hereto as Exhibit D, which do not exceed five percent (5%) of a draw, without the necessity of an amendment.

B. The use of the proceeds of the Loan shall be subject to any special conditions set forth on Exhibit B.

4. Representations and Warranties of the Sponsor. To induce the Administration to enter into this agreement, the Sponsor represents and warrants to the Administration as follows:

A. Due Organization. If the Sponsor is a corporation, it is duly organized, validly existing, and in good standing as a nonprofit corporation under the laws of the State of Maryland, is qualified to do business in the State of Maryland with full power, authority, legal right to consummate the transactions contemplated hereby; and if the Sponsor is a partnership or joint venture, or other legal entity, it is duly organized and validly existing as a nonprofit organization under the laws of the State of Maryland, and qualified to do business in the State of Maryland with full power and authority to consummate the transactions contemplated hereby.

B. Due Authorization. The Sponsor and any officer, director, public official or partner executing the Loan Documents has full power, authority, and legal right to enter into the Loan Documents, to borrow money as contemplated hereby, to pledge the Sponsor's assets and revenues, and to carry out the provisions of the Loan Documents according to the provisions thereof. Sponsor has duly authorized the execution and delivery of the Loan Documents, and no other action of the Sponsor is requisite to the execution and delivery of the Loan Documents. If the Sponsor is a Local Jurisdiction a resolution or ordinances as may be required by local law, has been introduced and adopted, passed or enacted as an official act of the Sponsor's governing body, authorizing consummation of the Loan, the transactions contemplated herein and execution of the Loan Documents. No consents or approvals are required to be obtained from any legal authorities for the execution and delivery of the Loan Documents.

CELP Loan - Harford County
Loan Agreement
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C. Litigation. There are no actions, suits, or proceedings pending, or to the best of Sponsor's knowledge threatened against or affecting it or the Project, or involving the validity or enforceability of the Loan Documents, at law or in equity, or before or by any legal authority. To the best of Sponsor's knowledge, it is not in default under any order, writ, injunction, decree or demand of any court of any federal, State or local governmental or quasi-governmental body, office, department, agency or board exercising jurisdiction over the Project.

D. No Breach. The consummation of the transactions hereby contemplated and performance of this Agreement and the other Loan Documents will not result in any breach or constitute a default under any mortgage, deed of trust, lease, bank loan, or credit agreement, charter, bylaws, partnership agreement, or other instrument to which the Sponsor is a party or by which it may be bound or affected.

E. Other Liens. Sponsor has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the project.

F. No Default: The Sponsor is not in default under this Agreement, the other Loan Documents, or any other document related to financial assistance for the Project from other sources approved by the Department and no event has occurred and is continuing which with notice or the passage of time or either would constitute a default under any thereof.

G. Use of Proceeds. The proceeds of the Loan will be used only for costs approved by the Administration and will not be used to finance debt existing prior to Closing of the Loan.

H. Consents from other Parties: All consents to execution of the Loan Documents required from other parties providing financial assistance to the Project have been obtained. Furthermore, the transactions hereby contemplated and performance of this Agreement and the other Loan Documents will not result in any breach of, or constitute a default under any agreement, order, writ, injunction, decree or demand, or any court of any federal, state, or local government authority.

I. Environmental: Sponsor represents, warrants, and covenants, that to its knowledge, there are no hazardous materials located in the Project, that it will not cause or allow any hazardous materials to be placed in the Project, that it will comply with all requirements imposed by any governmental authority with respect to hazardous materials to be placed in the Project, and that to its knowledge the Project is in compliance with all applicable federal and State environmental laws and regulations.

CELP Loan - Harford County
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5. Covenants of the Sponsor.

A. Sponsor shall comply with all applicable federal, state, and local laws, rules, regulations, guidelines, and orders of any governmental authority which apply to the Project.

B. Until the loan has been repaid in full, the Sponsor shall provide written notice to the Administration of any change in the structure or executive management of the Sponsor, and shall not permit any change which would render the Sponsor ineligible for financial assistance under the Program.

C. The Sponsor shall maintain self-insurance during the life of the Loan in accordance with the requirements set forth in Attachment A of the Commitment Letter (the "Term Sheet") and Exhibit C to this Agreement.

D. The Sponsor shall commence the activities described in Exhibit A no later than June, 1996, and shall complete the Project in accordance with the schedule set forth in Exhibit D. In any event, the commencement of repayment of the Loan shall begin in accordance with the repayment schedule established by the Term Sheet, which Repayment Schedule is incorporated herein as Exhibit F.

E. The Sponsor shall cause the Project to be completed in accordance with the Feasibility Study submitted as a part of the CELP application and any applicable restrictive covenants.

6. Loan Disbursements.

A. The Administration shall not be obligated to advance the Loan proceeds under this Agreement unless the following conditions shall have been satisfied:

(1) Each of the representations and warranties of Sponsor contained in paragraph 4 hereof and otherwise made by or on behalf of the Sponsor in writing for the Loan shall be true and correct on and as of the date of closing and as of the date of each subsequent advance;

(2) The Sponsor shall have satisfied each condition precedent to the closing of the Loan contained in the Commitment Letter;

(3) The Administration shall have received:

CELP Loan - Harford County
Loan Agreement
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- (a) evidence of required levels of self-insurance; and
- (b) a certification from the applicable Legal Authority that the Project will conform to existing zoning laws and specified variances, if any.

B. Upon satisfaction of the conditions set forth in section 6A. above, the Administration shall advance the proceeds of the Loan pursuant to the draw schedule and upon submission by the Sponsor of written certification, acceptable to the Administration, as verified by inspection of the Administration, of completion of the relevant phase of the work set forth in Exhibit A and that each of the representations and warranties of the Sponsor contained in paragraph 4 of this agreement shall continue to be true and correct on and as of the date of each such advance.

C. The Sponsor covenants that it will hold in trust each advance hereunder for application to the items for which such advance was requested and approved, and will apply for the funds to and in the amount of only those items set forth in each request for an advance.

7. Reporting and Monitoring.

A. Sponsor agrees to provide the Administration with such reports as it may reasonably require in order to verify the annual energy savings, or lack thereof, resulting from the Project.

B. Sponsor also agrees to provide the Administration with current information concerning utilities from which Sponsor purchases service, and utility account numbers, and to advise the Administration of changes in these accounts when they occur, and if they may affect the efficient gathering of billing information necessary to verify energy savings, or the lack thereof, resulting from the Project.

C. Sponsor agrees to permit the inspection of Sponsor's financial records at least annually to verify payment of utility costs and to compare annual utility costs with budgeted amounts to verify savings, if any, achieved by the Project.

8. Events of Default and Remedies.

A. The occurrence of any one (1) or more of the following events shall constitute a default under this Agreement:

(1) There is any use of loan proceeds other than as set forth in the Loan Documents;

CELP Loan - Harford County
Loan Agreement
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(2) There is any breach of any covenant, agreement, provision, representation, warranty or certification in the Application or the Loan Documents and which the Sponsor does not rectify within any applicable grace period;

(3) If the Sponsor fails to commence the activities set forth in Exhibit A on the date set forth in section 5D.;

(4) If the Project is, in the judgement of the Administration, materially damaged or destroyed by fire or otherwise and the Administration has determined that it cannot be completed in accordance with the schedule set forth in Exhibit D and in accordance with the other terms and conditions hereof;

(5) If, for any cause whatever, except for strikes, acts of God, or other causes beyond the reasonable control of the Sponsor, the construction of the Project is at any time discontinued for a period of thirty (30) days, or if the Project, as determined by the Administration, has not been completed or is not progressing in accordance with the Feasibility Study and CELP application.

(6) If the Sponsor does not complete the Project according to the Feasibility Study and CELP application and according to all Legal Requirements now existing or hereafter enacted, adopted or promulgated;

(7) If the Sponsor fails to pay any sums due and owing to a contractor, subcontractor, or supplier, upon his demand or upon the demand of the Administration for work done or in connection with the Project, which sums are not reimbursable to the Sponsor out of a current disbursement;

(8) If the Project, or any part thereof, including any equipment, building materials or any personalty relating thereto are subject to a lien or security agreement other than as permitted hereunder; or

(9) Failure of the Sponsor to pay the amounts due under the Note.

B. Except in the case of a monetary default under the Note, the Administration shall provide the Sponsor with notice of an event of default. The Sponsor shall have thirty (30) days from the date of the delivery of the notice to cure the default. If after the conclusion of the thirty (30) day period the Sponsor has not cured the default to the satisfaction of the Administration:

(1) Sponsor's authority to use any undisbursed proceeds of the Loan shall cease and the Sponsor shall have no right, title or interest in or to any of the Loan proceeds not disbursed;

CELP Loan - Harford County
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(2) Any undisbursed proceeds of the Loan in the possession of the Administration may be applied as a prepayment of the outstanding principal and interest of the loan; and

(3) The Administration may advance any undisbursed proceeds of the Loan together with any additional sums required to complete and protect the Project.

C. Notwithstanding the terms of payment set forth in the Note, the Administration may declare the entire Loan immediately due and payable, together with accrued and unpaid interest thereon, without presentment, demand, protest, or notice, all of which the Sponsor expressly waives.

D. With respect to a monetary default, the provisions of the Note shall apply.

9. Closing Costs. In addition to any closing fee required by the Administration, the Sponsor shall pay all transfer taxes, documentary stamp taxes, real estate taxes, recording fees, and other charges if any, in connection with the execution and delivery of this Agreement and any of the other Loan Documents.

10. Remedies Cumulative. All remedies provided for in this Agreement are cumulative and shall be in addition to any and all other rights and remedies available to the Administration at law or in equity. The exercise of any right or remedy by the Administration shall not in any way constitute a cure or waiver of any default by the Sponsor, nor invalidate any act done pursuant to any notice of default, nor prejudice the Administration in the exercise of those rights.

11. Remedies Not Impaired. The failure of the Administration to insist upon performance of any term of this Agreement shall not be deemed to be a waiver of any term of this Agreement. No act of the Administration shall be construed as an election to proceed under any one provision in this Agreement to the exclusion of any other provision.

12. Indemnification. The Sponsor shall indemnify and hold harmless the Administration, its agents and employees from, and agrees that the Administration, its agents and employees shall not have any liability for, all liabilities, suits, actions, claims, demands, losses, expenses and costs of every kind and nature, including reasonable attorneys' fees, incurred by, or asserted or imposed against, the Administration, its agents and employees, as a result of or in connection with the Project or the Loan, including but not limited to, hazardous material located or placed

CELP Loan - Harford County
Loan Agreement
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in the Project and any requirements imposed by any governmental authority with respect to hazardous materials. All money expended by the Administration as a result of such liabilities, suits, actions, claims, demands, losses, expenses or costs, together with interest at the rate provided in the Note from the date of such payment, shall constitute an additional indebtedness of the Sponsor to the Administration.

13. Amendments; Notices. All amendments, notices, requests, objections, waivers, rejections, agreements, approvals, disclosures, and consents of any kind made pursuant to this Agreement shall be in writing. Any such communication shall be deemed effective for all purposes as of the date such communication is hand delivered or mailed, postage prepaid, by certified mail, to be delivered only to the office of the addressee, addressed as follows:

A. Communications to the Administration shall be mailed to: CELP Manager, Maryland Energy Administration, 45 Calvert Street, Annapolis, MD 21401.

B. Communications to the Sponsor shall be mailed to:

Treasurer, Harford County Maryland
220 S. Main Street
Bel Air, MD 21014

and

Assistant Superintendent
for Administrative Services
Harford County Public
Schools
45 East Gordon Street
Bel Air, MD 21014

14. Time of Essence. Time is of the essence in this Agreement.

15. Amendments. This Agreement may not be changed or terminated orally, and no amendment or modification shall be effective unless in writing, executed by the Sponsor and the Administration.

16. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original, all of which shall constitute one and the same instrument.

17. Governing Laws. This Agreement is made, executed, and delivered in the State of Maryland and Maryland law shall govern its interpretation, performance, and enforcement.

CELP Loan - Harford County
Loan Agreement
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18. Continuance of Agreement; Survival of Representations and Warranties. This Agreement shall continue in full force and effect until the Note shall have been paid in full. All representations and warranties contained herein or made in writing by or on behalf of the Sponsor involving the Loan shall survive the execution and delivery of this Agreement or any other Loan Documents, and any investigation at any time made by, through or on behalf of the Administration. All statements contained in any certificate, opinion or loan document delivered to the Administration on behalf of the Sponsor shall constitute representations and warranties hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered on the day and year first hereinabove written.

WITNESS:

HARFORD COUNTY, MARYLAND

By: _____

Name: _____

Title: _____

WITNESS:

MARYLAND ENERGY ADMINISTRATION

By: _____

CELP Manager

EXHIBIT A

Description of the Project

The CELP proceeds will be used for a complete retrofit in Darlington Elementary School, Dublin Elementary School, North Harford Elementary School, North Harford Middle School, and North Harford High School, of all existing fluorescent fixtures with low power electronic ballasts and T-8 lamps; replacement of all incandescent hallway fixtures with 2 lamp, low power electronic ballasts and T-8 fixtures; retrofit of all bare bulb general purpose fixtures with compact fluorescent screw-in lamps; installation of occupancy sensors in sporadically occupied areas throughout each school; replacement of HID fixtures in selected cafeterias and gyms; replacement of all incandescent exit signs with 2 watt LED signs.

CELP Loan - Harford County
Loan Agreement
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EXHIBIT B

Special Conditions

(None)

DRAFT

EXHIBIT C

Insurance Requirements

1. Comprehensive general liability self-insurance provided by the Maryland Association of Boards of Education Group Insurance Pool, in the form and for amounts acceptable to the Administration.
2. Fire and hazard self-insurance provided by the Maryland Association of Boards of Education Group Insurance Pool, in the form and for the amounts acceptable to the Administration.
3. Worker's compensation self-insurance provided by the Maryland Association of Boards of Education Group Insurance Pool.

Sponsor shall provide the Administration with thirty (30) days written notice prior to cancellation or non-renewal of the insurance.

CELP Loan - Harford County
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EXHIBIT D

Draw Schedule for Project

(to be completed by Sponsor and approved by the Program prior to Closing)

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EXHIBIT E

Permitted Encumbrances

(not applicable)

DRAFT

CELP Loan - Harford County
 Loan Agreement
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EXHIBIT F

Amortization Schedule

Harford County Public Schools		Schedule I: Amortization		
Prepared by: PJ. Townsend		CELP Loan #12-95-35		
Multi-School Lighting Retrofit				
ORIGINAL PRINCIPAL	310,500.00			
INTEREST RATE	4.50%			
TERM IN YEARS	3			
PAYMENTS PER YEAR	2			
PAYMENT	55,900.85			
PERIOD	PAYMENT	INTEREST	PRINCIPAL	BALANCE
1	55,900.85	6,986.25	48,914.60	261,585.40
2	55,900.85	5,885.67	50,015.18	211,570.21
3	55,900.85	4,760.33	51,140.52	160,429.69
4	55,900.85	3,609.67	52,291.19	108,138.50
5	55,900.85	2,433.12	53,467.74	54,670.76
6	55,900.85	1,230.09	54,670.76	(0.00)
ANNUAL DEBT SERVICE>>>			111,801.71	
ESTIMATED ANNUAL ENERGY SAVINGS>>>			120,732.00	TOTAL
				REPAY>>>
				349,377.63
TOTAL INTEREST PAID>>>			38,877.63	
NOTE: PAYMENT 6 WILL INCLUDE INTEREST DEFERRED FROM YEAR 1.				
TOTAL PAYMENT 6>>>			69,873.35	

CELP Application Code: 12-95-35

COMMUNITY ENERGY LOAN PROGRAM**Promissory Note**\$310,500Annapolis, Maryland
_____, 1996

FOR VALUE RECEIVED, Harford County, a local government and political subdivision of the State of Maryland (the "Promisor"), promises to pay to the Maryland Energy Administration, an independent agency of the State of Maryland (the "Administration"), the principal sum of Three Hundred Ten Thousand Five Hundred Dollars (\$310,500) (the "Loan"), or so much of that sum as may be advanced by the Administration under a certain Loan Agreement of even date (the "Loan Agreement") together with interest at the rate of 4.50% per annum (the "Interest Rate"), and all assessments, taxes, premiums, and servicing fees as follows:

A. Beginning on the first day of the Twenty-Fifth month following the date of this Note, and on the first day of each sixth month after that date, Promisor shall pay to the Administration principal and interest in semi-annual installments in accordance with the attached Amortization Schedule I with the first payment of Fifty-Five Thousand Nine Hundred Dollars and Eighty-Five Cents (\$55,900.85), which installments when applied first to interest and then to the reduction of principal, shall amortize the entire principal debt by the date that is three (3) years after the due date of the first payment (the "Maturity Date").

B. If any installment of principal and interest or any other payment due under this Note is not paid within thirty (30) days from the date that the installment or payment is due, Promisor promises to pay the Administration a late charge equal to five percent (5%) of the aggregate monthly payment required by this Note.

C. The Promisor may prepay the then outstanding amount of this Note in whole or in part, on the first day of any calendar month provided there are no defaults under this Note, or the Loan Agreement. Any prepayment must include:

(i) interest accrued and unpaid on the principal balance of this Note to and including the date of prepayment; and

(ii) all other sums due or owing under this Note.

Any partial prepayment of the principal balance of this Note shall be applied to the installments of principal and interest last due under this Note and shall not release the Promisor from the obligation to pay the installments of principal and interest next becoming due under this Note.

CELP Loan 12-95-35
Promissory Note
Page 2

D. Upon a failure to pay amounts due under this Note or failure to cure any other default as set forth in the Loan Agreement within the time period provided therein, the unpaid principal with interest shall at the option of the holder of this Note become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

E. As to this Note, the Loan Agreement, and any other documents or instruments evidencing or securing the indebtedness (the "Loan Documents"), Promisor and all guarantors, if any, severally waive all applicable exemption rights whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest, and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of Promisor and all guarantors.

F. If the principal amount of this Note is not paid when due or any installment of interest, principal, or the administrative fee, or any other payment due under this Note is not paid within thirty (30) days of the date when due, whether by maturity or acceleration, Promisor authorizes the clerk or any attorney of any court of record to appear for it and enter judgment by confession for the balance then due on this Note together with interest, court costs, and reasonable attorneys' fees.

G. All payments due under this Note shall be made during regular business hours at the principal office of the CELP Manager, Maryland Energy Administration, 45 Calvert Street, Annapolis, Maryland 21401, or at any other place that the Administration may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

H. The Promisor represents and warrants that it is a political subdivision of the State of Maryland, and Promisor further represents that the Loan is made and transacted solely for the purpose of carrying out one or more essential governmental purposes of the Promisor.

I. No employee, agent, partner or member of the Promisor assumes personal liability for payments and deposits due under paragraph A of this Note, except for funds or property of the Project financed by the loan coming into their hands which, by the provision of this Note, the Loan Agreement, or any of the Loan Documents, they are not entitled to retain.

CELP Loan 12-95-35
Promissory Note
Page 3

IN WITNESS WHEREOF, Promisor has caused this Note to be executed and delivered on its behalf on the date first written above.

WITNESS:

Harford County, Maryland

By: _____

Name: _____

Title: _____

Harford County Public Schools
 Prepared by: PJ. Townsend
 Multi-School Lighting Retrofit

Schedule I: Amortization
 CELP Loan #12-95-35

ORIGINAL PRINCIPAL 310,500.00
 INTEREST RATE 4.50%
 TERM IN YEARS 3
 PAYMENTS PER YEAR 2
 PAYMENT 55,900.85

PERIOD	PAYMENT	INTEREST	PRINCIPAL	BALANCE
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 ESTIMATED ANNUAL
 ENERGY SAVINGS>>> 120,732.00 TOTAL
 REPAY>>> 349,377.63
 TOTAL INTEREST PAID>>> 38,877.63
 NOTE: PAYMENT 6 WILL INCLUDE INTEREST DEFERRED FROM YEAR 1.
 TOTAL PAYMENT 6>>> 69,873.35

HARFORD COUNTY BILL NO. 96-31(Brief Title) Loan Agreement - MarylandEnergy Administration

is herewith submitted to the County Council of Harford County for enrollment as being the text as finally passed.

CERTIFIED TRUE AND CORRECT

ENROLLED

James D. Vannoy
Acting Secretary
of the Council

Looney S. Parrott
President of the Council

Date July 9, 1996Date July 9, 1996

BY THE COUNCIL

Read the third time.

Passed: LSD 96-22 (July 9, 1996)

Failed of Passage: _____

By Order

James D. Vannoy
Acting Secretary

Sealed with the County Seal and presented to the County Executive for approval this 11th day of July, 1996 at 3:00 p. m.

James D. Vannoy
Acting Secretary

BY THE EXECUTIVE

Colleen M. Rehman
COUNTY EXECUTIVE

APPROVED: Date 7-18-96

BY THE COUNCIL

This Bill (No. 96-31), having been approved by the Executive and returned to the Council, becomes law on July 18, 1996.

James D. Vannoy
Acting Secretary

EFFECTIVE DATE: September 16, 1996